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Five things to consider when choosing an entity for your startup business

Starting a new business is an exciting journey, especially when your business has been an idea for so long. Taking the proper steps to see your business come to fruition is essential, including choosing the right business entity. When deciding if you should create an LLC, corporation or have a sole proprietorship, there are a few things to consider when bringing your business to life. Deciding on what business entity you choose can significantly impact your legal responsibilities, tax obligations and liability.

When you are forming a business with other partners, these decisions are especially important. Co-owners of a business have a special relationship and having candid discussions with your business partner (or partners) about how that relationship should be structured is essential to avoiding conflict later. The right business entity is the first step to a successful co-owned business.

It's crucial to have an attorney advise you before choosing an entity. In the meantime, here are five factors to consider when selecting the best structure for your new venture.

**1. Liability Protection.**

When you form a new business, keep your personal assets separate from your business assets. You will also want to protect them, and different business entities offer varying levels of personal liability protection: Sole Proprietorship and Partner-

ship: These structures provide little personal liability protection. Your assets could be at risk if the business incurs debt it cannot repay or encounters legal issues.

Limited Liability Companies (LLCs) and Corporations: These structures offer stronger liability protection, ensuring that (so long as you maintain proper separation of personal and business assets) your personal assets are generally shielded from business liabilities.

**2. Tax Implications.**

Understanding how different entities are taxed may help optimize your financial strategy when forming your business. Each tax situation is different and electing an alternative tax structure can have unintended consequences. A good attorney will collaborate with your existing tax advisor to structure your business in an appropriate way based on your circumstances. Here are some considerations when choosing an entity:

Sole Proprietorship and Partnership: Profits are taxed directly as personal income, which can simplify tax filing but may result in higher taxes if the business is highly profitable.

LLCs: An LLC offers flexible tax options. By default, LLCs are taxed like a sole proprietorship or partnership. However, you can elect to tax an LLC as an S-corporation or C-corporation to be subject to corporation-style taxation rules. One common reason to consider S- or C-corpora-

tion status is to reduce self-employment taxes.

Corporations: Corporations may be taxed as a C- or S-corporation, depending on your election. Generally, corporations are taxed separately from their owners, which provides for some unique advantages but may lead to 'double taxation' challenges as profits are passed down to the company's owners.

**3. Management and Control.**

When selecting an entity, you want to consider how you want your business to be managed and the level of control you wish to maintain. Your involvement will depend on the entity you choose, if you have business partners and a few other factors.

Sole Proprietorship: You have complete control, making it easy to manage and make decisions.

Partnership: Control is shared among partners, which requires clear agreements, communication and strong relationships to be successful.

LLC: This entity gives you the power to shape your business as you see fit. You can choose to manage it yourself or appoint managers, giving you the adaptability to respond to changing business needs.

Corporation: Typically, corporations are governed by a board of directors and officers, which can benefit larger businesses but may introduce



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# Is AI revolutionizing the law office?

Artificial intelligence is transforming the legal industry in 2024 by automating tasks traditionally handled by interns, paralegals and law clerks

**Bailey Chism**  
*The City Journals*

The legal industry has long been a sector where complex tasks require intense human involvement. Traditionally, law firms rely heavily on interns, paralegals and law clerks to perform tasks such as legal research, document review, drafting contracts and managing case files. However, artificial intelligence (AI) is radically transforming these roles. From AI-driven document analysis to sophisticated legal research tools, technology is automating many of the repetitive and time-consuming tasks these professionals once handled.

As AI technology advances, many firms are incorporating AI into their everyday operations, making legal processes more efficient and cost-effective. But what does this mean for the human workforce, particularly those in junior legal roles?

## AI-Powered Legal Research and Document Review

One of the most significant areas where AI is making an impact is in legal research and document review, tasks traditionally performed by law clerks and interns. In legal firms, these activities often involve searching through volumes of case law, statutes, contracts and legal opinions to find relevant information. Historically, this task could take hours, if not days, depending on the complexity of the case.

With AI-driven platforms like Casetext and ROSS Intelligence, legal research is now faster and more accurate. These platforms use natural language processing (NLP) to interpret complex legal queries and instantly generate relevant case law and statutes. Instead of relying on an intern or clerk to manually sift through legal texts, lawyers can input questions directly into these systems and receive results in seconds. For example, Casetext's CoCounsel, launched in 2023, acts as a legal assistant capable of drafting briefs, conducting legal research and even reviewing contracts.

Additionally, AI-powered document review tools such as Kira Systems and LawGeex allow for the

automated scanning and reviewing of contracts, legal filings and discovery documents. These tools can highlight potential risks, inconsistencies and legally problematic clauses, significantly reducing the time and effort required from paralegals and clerks.

## Contract Drafting and Due Diligence

Contract drafting and due diligence are two other areas that have



traditionally required significant input from junior staff. Paralegals and clerks were often tasked with drafting and reviewing contracts, checking them for compliance and conducting due diligence for mergers and acquisitions (M&A). These processes are now being handled by AI platforms that can not only draft contracts but also suggest revisions, ensuring compliance with the latest legal standards.

For instance, LawGeex automates contract review by comparing documents against standard legal practices and identifying problematic clauses. This process is significantly faster than manual review and reduces the margin for error. A 2021 study by LawGeex demonstrated that AI outperformed human lawyers in reviewing non-disclosure agreements, with the AI achieving 94 percent accuracy compared to the lawyers' 85 percent.

Similarly, in M&A, AI is streamlining the due diligence process by scanning financial documents, contracts and corporate filings to identify potential legal risks. This task, which once required junior associates to

painstakingly review documents, is now automated, making the process faster and more thorough.

## Predictive Analytics and Case Outcome Predictions

Beyond research and document review, AI is also being used to predict case outcomes, a task traditionally reserved for experienced clerks and attorneys. AI-powered platforms

These platforms integrate AI to manage scheduling, monitor case deadlines, organize client information and even automate billing.

Clio's AI-powered features can track and prioritize tasks for legal teams, reducing the need for administrative support staff. These tools streamline case management, which was once the responsibility of junior legal professionals, freeing them to focus on higher-value tasks.

## Legal Chatbots and Client Interaction

In recent years, AI-powered chatbots have become an essential tool in law firms for handling client interactions. These chatbots can answer routine legal questions, guide clients through legal procedures and even help fill out basic legal forms. This reduces the workload for interns and paralegals who would typically handle these initial client interactions.

Chatbots like DoNotPay and LISA (Legal Intelligence Support Assistant) offer simple legal advice and help users navigate small legal issues, such as disputing parking tickets or drafting wills. Law firms are increasingly relying on these chatbots to provide initial consultations, freeing up human staff to focus on more complex cases. DoNotPay, for instance, has been dubbed "the world's first robot lawyer" and continues to expand its range of legal services.

## The Changing Role of Interns, Paralegals and Clerks

While AI is automating many tasks previously handled by interns, paralegals and clerks, it is not entirely replacing these roles. Instead, these professionals are shifting toward higher-level work that requires critical thinking, complex analysis, and human judgment — skills that AI currently lacks. Interns may no longer be required to perform basic research or document review, but they are now more likely to engage in strategic tasks, such as client management or assisting with AI system operations. Paralegals, on the other hand, are transitioning to roles that involve overseeing the implementation of AI tools and ensuring that AI-generated

like Lex Machina and Premonition analyze historical case data, including judges' rulings, the success rates of various arguments and the legal strategies employed. These platforms provide valuable insights that lawyers can use to assess the potential outcome of a case.

By analyzing patterns in past rulings, AI can make more accurate predictions than human clerks who would typically conduct manual case comparisons. This reduces the amount of time legal professionals spend analyzing cases, while providing more robust data-driven predictions. According to a study by Thomson Reuters, AI-assisted predictive analytics improve the efficiency and accuracy of legal predictions, giving firms a competitive edge in their legal strategies.

## Automation of Administrative Tasks

Paralegals and clerks often handle a wide range of administrative tasks, including document management, scheduling and case filing. AI-driven workflow platforms like Clio and MyCase have automated many of these routine tasks, allowing law firms to optimize their operations.

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# LAW FIRMS

Ranked by Number of Utah Attorneys



	Company Name Address	Phone Web	No. of Utah Attorneys	No. National Attorneys	No. of Utah Partners	No. of Utah Paralegals	No. Utah F/T Employees	No. National Locations	Areas of Specialty	Year Est.	Managing Partner(s)
1	<b>Parsons Behle &amp; Latimer</b> 201 S. Main St., Ste. 1800 SLC, UT 84111	801-532-1234 parsonsbehle.com	170	*	84	9	*	11	Full-service corporate law firm	1882	Shawn C. Ferrin CEO
2	<b>Kirton McConkie</b> 50 E. South Temple, Ste. 400 SLC, UT 84111	801-328-3600 kmclaw.com	149	149	90	18	253	4	Alternative dispute resolution; appellate; bankruptcy; construction, surety and design professionals; corporate; cybersecurity and data privacy; family law; First Amendment and religious organizations; immigration; IP; international; labor and employment; litigation; natural resources and energy; real estate; tax and estate planning	1964	Robert D. Walker
3	<b>Ray Quinney &amp; Nebeker PC</b> 36 S. State St., Ste. 1400 SLC, UT 84111	801-532-1500 rqn.com	106	*	65	9	64	2	Banking & finance, bankruptcy & creditors' rights, corporate & business, employment law, environmental law, intellectual property, litigation, real estate, tax, trust & estate planning, white-collar & corporate compliance	1940	Arthur B. Berger Managing Partner Eric Visser COO
4	<b>Kirkland &amp; Ellis LLP</b> 95 S. State St. SLC, UT 84111	801-877-8100 kirkland.com	103	2,718	24	1	36	12	Private equity, M&A & other complex corporate transactions; investment fund formation & alternative asset management; restructurings; high-stakes commercial & intellectual property litigation; government, regulatory & internal investigations	1909	Travis Lee Nelson Partner
5	<b>Dentons Durham Jones Pinegar</b> 111 S. Main St., Ste. 2400 SLC, UT 84111	801-415-3000 dentons.com	97	1,300	56	22	157	160	Complex business & finance law, banking, commercial litigation, intellectual property, bankruptcy, real estate, tax, estate planning, employment, family law, immigration and more	1991	Joshua E. Little President and CEO
6	<b>Strong &amp; Hanni Law Firm</b> 102 S. 200 E., Ste. 800 SLC, UT 84111	801-532-7080 strongandhanni.com	90	90	64	28	160	2	Trial practice in both state and federal courts; broad range of business and transactional legal services, including corporate and commercial disputes, transportation law, medical and professional malpractice, insurance coverage and personal injury, among others.	1888	Michael J. Miller Managing Shareholder
7	<b>Holland &amp; Hart</b> 222 S. Main St., Ste. 2200 SLC, UT 84101	801-799-5800 hollandandhart.com	87	503	43	5	107	13	Commercial litigation; corporate; environmental and natural resources; intellectual property, labor and employment; real estate finance & development, tax & estate planning	1947	Chris Balch Partner & Firm Chair
8	<b>Parr Brown Gee &amp; Loveless</b> 101 S. 200 E., Ste. 700 SLC, UT 84111	801-532-7840 parrbrown.com	85	85	61	6*	103*	1	Business & finance, commercial litigation, bankruptcy workouts & creditors' rights, construction law services, employment law, entertainment, international services, natural resources law, real estate law, tax, technology	1975	Dale Hansen Shareholder
9	<b>Dorsey &amp; Whitney LLP</b> 111 S. Main St., 21st Floor SLC, UT 84111	801-933-7360 dorsey.com	67	618	36	18	134	21	Corporate; emerging companies; M&A; venture capital; securities; private equity; bankruptcy; financial restructuring; litigation; natural resources; environment; intellectual property; food, beverage & agriculture; international; white-collar defense	1912	Bill Stoeri Managing Partner
10	<b>Fabian Vancott</b> 95 S. State St., Ste. 2300 SLC, UT 84111	801-597-8900 fabianvancott.com	65	71	33	2	84	2	Corporate, bankruptcy, education, labor, energy/utilities, environmental, ERISA, government, venture capital, white-collar defense, intellectual property, litigation, product liability, real estate, taxation, estate planning	1874	Bryant W. Jensen President
11	<b>Snell &amp; Wilmer</b> Gateway Tower West 15 W. South Temple, Ste. 1200 SLC, UT 84101	801-257-1900 swlaw.com	60	550	35	4*	101*	16	Bankruptcy; commercial finance; commercial litigation; corporate and securities; environmental, oil, gas and mining; intellectual property; labor and employment; mergers and acquisitions; natural resources; product liability; real estate; tax and estate planning	1938	Brian D. Cunningham Partner Wade R. Budge Partner
12	<b>Workman Nydegger PC</b> 60 E. South Temple, Ste. 1000 SLC, UT 84111	801-533-9800 wnlaw.com	48	48	38	10	61	1	Patents, trademarks, copyright, litigation, e-commerce, trade secrets, licensing and transactional work, post-grant proceedings, IP counseling, international IP	1984	Thomas R. Vuksinick Senior Counsel

\*Did not disclose. If a figure is followed by an asterisk, it is from a prior year and current information is not available.

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Ranked by Number of Utah Attorneys



Company Name Address	Phone Web	No. of Utah Attorneys	No. National Attorneys	No. of Utah Partners	No. of Utah Paralegals	No. Utah F/T Employees	No. National Locations	Areas of Specialty	Year Est.	Managing Partner
<b>13 Clyde Snow &amp; Sessions</b> 201 S. Main St., Ste. 2200 SLC, UT 84111	801-322-2516 clydesnow.com	38	2	18	3	52	3	Bankruptcy, business and finance, estate planning and tax, family law, labor and employment, litigation, natural resources and water law, real property, white-collar and regulatory, dispute resolution	1949	Brian A. Lebrecht
<b>14 Spencer Fane (Snow Christensen &amp; Martineau)</b> 10 Exchange Place, Ste. 1100 SLC, UT 84111	801-521-9000 scmlaw.com	38	500+	11	12*	*	27	Corporate and business planning, commercial disputes, commercial real estate, construction, employment, estate planning, family law, health care, insurance, professional liability, taxation, transportation, white-collar criminal defense and more	1886	D. Jason Hawkins President
<b>15 Maschoff Brennan</b> 95 S. State St., Ste. 800 SLC, UT 84111	801-297-1850 mabr.com	25	48	16	7	54	6	Intellectual property and complex litigation	2011	Kirk R. Harris
<b>16 Cohne Kinghorn PC</b> 111 E. Broadway, 11th Floor SLC, UT 84111	801-363-4300 ck.law	22	22	14	1	33	1	Appellate practice; arbitration & mediation; bankruptcy; business formation & planning; commercial and civil litigation; construction law; family law; health care law; insurance; medical malpractice defense; mergers and acquisitions; real estate and real property; transactions & securities law; trial practice; wills, trusts and estate planning	1975	John S. Bradley
<b>17 TraskBritt</b> 230 S. 500 E., Ste. 300 SLC, UT 84102	801-532-1922 traskbritt.com	20	24	12	8	50	1	Intellectual property	1973	J. Jeffrey Gunn
<b>18 Ballard Spahr LLP</b> 201 S. Main St., Ste. 800 SLC, UT 84111	801-531-3000 ballardspahr.com	19	590	5	4	22	15	Real estate, complex litigation, employment, corporate, emerging growth, government relations, consumer financial services	1885	Peter Michaud Chair
<b>19 Smith Hartvigsen</b> 257 E. 200 S., Ste. 500 SLC, UT 84111	801-413-1600 smith hartvigsen.com	17	17	7	2	28	1	Water law, litigation, redevelopment, family law, appeals, government, employment, natural resources, business & corporate law, business & contracts, mediation, estate planning	2002	J. Craig Smith, Partner Jeff R. Gittins, Partner
<b>20 Thorpe North &amp; Western</b> 8180 S. 700 E., Ste. 350 Sandy, UT 84070	801-566-6633 tnw.com	17	22	13	2	24	2	Intellectual property law and intellectual property law litigation	1979	Executive Committee
<b>21 Richards Brandt Miller Nelson</b> 111 E. Broadway, Ste. 400 SLC, UT 84111	801-531-2000 rbmn.com	15	*	9	7	35	1	Litigation, business, construction, family, estate planning and immigration	1978	Mark R. Sumsion
<b>22 Babcock Scott &amp; Babcock</b> 370 E. South Temple, 4th Floor SLC, UT 84111	801-531-7000 babcockscott.com	9	9	7	1*	15	1	Construction law	2000	Robert Babcock Principal Brian Babcock Shareholder Jason Robinson Shareholder & Director
<b>23 Gallian Welker &amp; Associates</b> 965 E. 700 S., Ste. 305 St. George, UT 84790	435-628-1682 stgeorge lawoffice.com	9	11	4	5*	14*	2	Family law, business law, estate planning, VA claims, criminal defense, personal injury	1980	Russ Gallian Mike Welker Matt Ekins Travis Barrick
<b>24 Froerer &amp; Miles</b> 2661 Washington Blvd., Ste. 201 Ogden, UT 84401	801-621-2690 froerer andmiles.com	6	6	4	1	9	1	Family law, estate planning/probate, real estate disputes, small business advising, guardianships, mediation, commercial litigation	1955	Robert Froerer, Partner Kelly Miles, Partner Bryce Froerer, Partner Matt Miles, Partner
<b>25 Stoel Rives</b> 201 S. Main St., Ste. 1100 SLC, UT 84111	801-328-3131 stoel.com	4	354	2	1	11	10	Corporate, finance, business litigation, environmental and natural resources, labor and employment, real estate, technology and intellectual property law	1979	Joshua G. Gigger
<b>26 The Connor Law Firm</b> 20 N. Main St., Ste. 301 St. George, UT 84770	800-679-6709 connorlegal.com	1	1	1	0	2*	2	Exclusively estate planning	1994	Ben E. Connor Founder

\*Did not disclose. Please note that some firms chose not to respond, or failed to respond in time to our inquiries. All rights reserved. Copyright 2024 by Salt Lake Business Journal. The Business Journal strives for accuracy in its list publications. If you see errors or omissions in this list, please contact us at lists@slbusinessjournal.com.



## *New Utah laws in 2024: Transforming business, workforce and sustainability*

In 2024, Utah passed key laws targeting workforce improvement, tax relief, sustainability, health care benefits and data privacy, shaping a more competitive and resilient business environment.

**Bailey Chism**  
The City Journals

In 2024, Utah's Legislature enacted a number of laws that are set to have profound implications on the state's business landscape. From workforce reforms and tax policies to environmental sustainability measures, the state's legislative session reflected its commitment to fostering economic growth while addressing social and environmental concerns.

### **Workforce Development and Labor Laws**

One of the key challenges facing businesses in Utah is the labor shortage, especially in tech and skilled trades. In response, lawmakers passed the Utah Workforce Advancement Act (UWAA), a comprehensive reform designed to address skill gaps, enhance training programs and support workforce participation.

**Expanded Apprenticeships:** The UWAA allocates substantial funding to expand apprenticeship programs, particularly in STEM fields. This initiative provides incentives for businesses to partner with educational institutions to offer apprenticeships, bridging the gap between academic learning and real-world application.

**Increased Support for Trade Schools:** To meet the demand for skilled trades, Utah's government will provide grants to trade schools and community colleges for upgrading their facilities and developing new curriculums in construction, manufacturing and health care.

**Workforce Reentry Programs:** Recognizing the importance of bringing individuals back into the workforce, the act includes provisions for reintegrating formerly incarcerated individuals, providing job training and support to reduce recidivism and create a more inclusive labor market.

**Impact on Businesses:** The UWAA is set to create a more competitive and skilled workforce, which will attract companies looking for top-tier talent, particularly in sectors such as technology, health care and construction. Businesses that invest in apprenticeship programs can benefit from tax incentives and gain access to a pipeline of well-trained employees.

### **Tax Reforms: Supporting Business Growth and Innovation**

Utah's tax landscape has long been a competitive advantage for attracting businesses. In 2024, the Legislature passed significant tax reforms aimed at fostering innovation, supporting small businesses and enhancing economic growth. The Utah Business Tax Modernization Act (UBTMA) stands out as a pivotal reform in this regard.

**Reduction in Corporate Income Tax Rates:** The corporate income tax rate was lowered from 4.95 percent to 4.5 percent. This reduction is aimed at making Utah even more competitive in attracting new businesses and encouraging existing companies to reinvest in their operations.

**R&D Tax Credits:** The UBTMA includes expanded tax credits for companies that invest in research and development, particularly in emerging sectors like artificial intelligence, biotechnology and clean energy. These credits are designed to position Utah as a hub for innovation.

**Small Business Tax Relief:** For small businesses, the act introduces a simplified tax filing process and a new tax relief program that reduces the burden on businesses with annual revenues below \$2 million.

**Impact on Businesses:** The reduction in corporate tax rates will make Utah a more attractive destination for large corporations, while small businesses will benefit from the streamlined tax filing process and tax relief measures. The expanded R&D credits are particularly beneficial for tech startups and innovative companies that prioritize research-driven growth.

### **Environmental Sustainability and Renewable Energy Initiatives**

Utah has been grappling with air quality concerns, particularly in urban areas like Salt Lake City, where air pollution has affected both public health and the business climate. In response, the state passed the Clean Air and Renewable Energy Act (CARE Act), which focuses on reducing emissions, encouraging renewable energy adoption and promoting sustainability in business practices.

**Emission Reduction Targets:** The CARE Act sets ambitious goals for reducing statewide emissions by 20 percent by 2030. Businesses in industries like transportation and manufacturing are required to meet stricter emission standards, and those that exceed targets can qualify for incentives.

**Renewable Energy Tax Incentives:** Companies that invest in renewable energy infrastructure, such as solar or wind power, can benefit from tax incentives. This provision aims to encourage businesses to transition to cleaner energy sources and reduce their carbon footprint.

**Green Building Standards:** The act mandates that new commercial construction projects meet energy efficiency standards. These include using sustainable materials, optimizing energy use, and reducing waste during construction.

**Impact on Businesses:** Businesses in industries that rely on heavy manufacturing or transportation may face initial costs in meeting stricter emission standards. However, the tax incentives for renewable energy investments and green building practices will provide significant long-term savings. Additionally, businesses that adopt sustainable practices can enhance their reputation and appeal to environmentally conscious consumers and investors.

### **Health Care and Employee Benefits**

Another significant law passed in 2024 is the Utah Health and Wellness Act (UHWA), which introduces new regulations for employer-provided health benefits, paid family leave, and mental health support. This legislation was designed to address rising health care costs while ensuring that Utah remains an attractive place for both employers and employees.

**Mental Health Support:** The UHWA requires companies with over

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# Lawyer shortage putting pressure on Utah firms

**National lawyer shortage is causing increased pressure on the state's law firms, public defenders and the justice system, as growing legal demands outpace the state's supply of attorneys**

**Bailey Chism**  
The City Journals

Utah is currently experiencing a significant lawyer shortage that is impacting law firms across the state, exacerbating an already strained legal system. This shortage is particularly severe in Salt Lake County, where District Attorney Sim Gill has struggled to fill over two dozen lawyer vacancies. The issue is not isolated to public-sector offices but extends to private law firms of all sizes, which are finding it increasingly difficult to attract and retain legal talent.

## Contributing Factors to the Shortage

Several factors contribute to Utah's lawyer shortage. First, Utah's population has grown rapidly in recent years, particularly in Salt Lake City and surrounding areas. This growth has increased demand for legal services in areas such as real estate, family law and business litigation, but the supply of qualified attorneys has not kept pace. Despite the presence of two law schools — the University of Utah's S.J. Quinney College of Law and Brigham Young University's J. Reuben Clark Law School — many graduates leave Utah for larger markets like California and New York, where salaries are higher.

According to the *American Bar Association Journal*, another significant factor is the "Great Resignation" that has affected various industries across the U.S., including the legal sector. Many lawyers have chosen to retire early or transition to in-house roles, which offer more predictable hours and work-life balance. For Utah, this has meant fewer experienced attorneys available for courtrooms and law firms.

The *ABA Journal* states the increasing costs of living, especially housing in Utah's urban centers, have made it difficult for new lawyers to afford staying in the state unless they secure highly lucrative positions. This is particularly burdensome for public defenders and attorneys working for smaller firms, who cannot offer competitive salaries to match the larger firms or corporations.

## Impact on Firms and Legal Services

The shortage has placed enormous pressure on law firms, especially small to midsize firms that rely heavily on local talent. Many firms are finding it difficult to maintain their caseloads, and some have had to turn clients away or refer them to out-of-state counsel. Larger firms have managed better by tapping into national networks or hiring attorneys to work remotely, but even these firms are facing challenges as they compete for the same limited pool of legal talent.

For small and mid-sized firms, the talent shortage also means higher operating costs. The demand for lawyers has driven salaries up, forcing firms to offer more competitive compensation packages. This squeeze on resources is particularly difficult for firms that operate on thinner profit margins. As a result, clients are seeing higher legal fees as firms pass on these costs.

According to the *ABA Journal*, the shortage is also affecting access to justice. In rural parts of Utah, finding a lawyer has become even more challenging, and some counties have very few, if any, full-time lawyers. This makes it harder for residents to access legal services for family law issues, criminal defense, or business matters. Public defend-

ers are especially strained; many are dealing with overwhelming caseloads that limit the amount of time they can devote to individual clients, raising concerns about the quality of legal representation in the state.

## Public Sector Struggles

The shortage of lawyers is perhaps most acutely felt in Utah's public sector, particularly in district attorney offices. In Salt Lake County, Gill has repeatedly raised alarms about how the lack of lawyers is impairing the justice system. His office has struggled to fill vacancies due to noncompetitive salaries compared to private-sector opportunities. He was recently able to solve this problem by asking the Salt Lake County Council for \$300,000 to raise salaries.

"Because of salary raises, thanks to the Salt Lake County Council, we have been able to fill the openings at the Salt Lake County District Attorney's Office," said Gill.

Prosecutors are not the only ones affected, though; public defenders in Utah face similar challenges, as their caseloads continue to grow. A recent study found that Utah's public defenders carry some of the highest caseloads in the country, a situation that leads to rushed cases and delayed court proceedings. This puts a strain on the entire judicial system, as delayed court proceedings increase the backlog of cases, prolonging justice for all involved parties.

## Law School Graduates

Utah's two law schools consistently produce graduates, many of whom have strong ties to the state. While Utah offers an excellent quality of life, the salary gap between Utah and larger legal markets like California or New York can be hard to overlook.

"The fact that the graduating classes of 2022 and 2023 have been high-watermark years in terms of national employment may suggest that a lawyer shortage has been advantageous for these recent law school graduates in creating demand/jobs for them," said Shannon Grandy Larsen, BYU Law's assis-

tant dean for career development.

Some Utah firms have responded by offering signing bonuses, flexible work arrangements and faster career advancement opportunities.

"The lawyer shortage hasn't affected large and medium-sized law firms in Utah very much," Larsen said. "I still see more of our students willing and wanting to work for those firms that are getting jobs there. Utah has two strong law schools in the state that send out enough graduates each year to satisfy the demand from Utah's large and mid-size firms."

Larsen said the lawyer shortage is more national in scope. It has affected lateral hiring more than entry-level hiring, has affected the public sector more than the private sector and has potentially affected small firms more than large firms.

"Even though I don't perceive a lawyer shortage at play, there are certainly so-called 'talent wars' among Utah firms to compete for the strongest candidates," Larsen said.

## Future Solutions

Several efforts are underway to mitigate the effects of the lawyer shortage in Utah. One promising development is Utah's regulatory reforms, which allow non-lawyers to provide certain legal services. By permitting paraprofessionals to assist with less complex legal matters like divorce, child custody and small claims, the state hopes to alleviate some of the pressure on overburdened lawyers.

The *ABA Journal* states some firms are exploring technology solutions, such as legal software and artificial intelligence, to automate routine tasks and reduce the workload on their attorneys. However, these solutions are still in the early stages of adoption and are unlikely to solve the shortage in the short term. Moreover, there is ongoing discus-



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## STARTUP

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more complexity. In addition, state law typically imposes more stringent compliance obligations on corporations when compared to LLCs.

When sharing control with business partners, it's important to set out clear responsibilities and to decide how decision-making will occur. Deadlocks among co-owners can be especially problematic, and well-written company management documents can help prevent these issues before they even start — or at least help each owner understand what happens in the event of a deadlock.

### 4. Fundraising and Investment.

Depending on how you structure your business, you may need to improve your ability to attract investors and secure funding. Determine how you'd like to raise capital before selecting an entity to ensure

your goals align.

**Sole Proprietorship and Partnership:** Raising capital and receiving investors may be difficult for these entities because they can't issue stock, and it can be hard to properly allocate responsibilities and define control among an investor group.

**LLC:** This entity offers more flexibility in raising funds, as you can bring in investors by offering membership interests. LLCs are generally considered less effective for complex ownership arrangements, but LLCs are often used even when you are taking investments from others. Whether to take investments through an LLC or a corporation depends on the nature of the investors and the longer-term objectives of your company.

**Corporation:** This entity is the most traditional structure for investors as it provides several attractive features relating to corporate governance that investors find valuable. In particular, corporations issue stock and can have multiple classes of stock, making it easier to raise capital and attract investors.

### 5. Regulatory and Administrative Requirements.

Different entities come with varying levels of regulatory compliance and administrative upkeep, which are essential to be aware of when selecting an entity for your business. Failing to comply with these regulatory and administrative burdens can cause unexpected problems — it can even put your "limited liability" protections at risk. In addition, more sophisticated business structures can increase the cost to form the entities in the first place, which can be a major strain on a new business venture.

**Sole Proprietorship and Partnership:** These entities generally have the fewest regulatory requirements and administrative burdens, making them easy to maintain.

**LLC:** This entity requires more paperwork than a sole proprietorship but less than a corporation. You'll need to file articles of organization and maintain an operating agreement.

**Corporation:** This entity involves the most regulatory requirements, including filing articles of incorporation,

creating bylaws, holding regular board meetings and maintaining detailed records.

Most of these business entity types will require you to ensure that you comply with the newly enforced Corporate Transparency Act (CTA), a federal law requiring many companies to disclose the identities of their major owners to the federal government. There is a major deadline coming soon for the CTA. By the end of the year, businesses that are subject to the law which were formed before 2024 are required to have submitted their documentation to the Financial Crimes Enforcement Network (FinCEN), a division of the U.S. Treasury responsible for implementation of the CTA.

Whether you are a new or current business owner, be sure to contact an attorney to help advise you on the appropriate steps to take when it comes to your business.

Landon Troester is an associate attorney at Clyde Snow & Sessions in Salt Lake City. His practice focuses on business transactions, securities, trust and estate planning and bankruptcy matters.

## AI

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outputs comply with legal standards. According to a 2023 report by McKinsey, while AI will automate many legal tasks, it will also create opportunities for legal professionals to work on more creative, judgment-intensive

tasks. Legal professionals will need to manage AI systems, interpret AI-generated data and provide the human touch in complex legal matters that require empathy and ethical considerations.

As AI continues to advance, its impact on the legal profession will continue to grow even more profound. While many tasks once performed by

interns, paralegals and law clerks are being automated, AI is also opening new opportunities for these professionals to engage in more strategic and complex work. Law firms must embrace these changes and invest in upskilling their staff to work alongside AI technologies. The future of the legal profession will not be AI replacing lawyers but AI enhancing legal

work by automating routine tasks, allowing human professionals to focus on the high-value, human-centered aspects of law.

By integrating AI into their workflows, law firms can stay competitive in an evolving industry, providing more efficient and cost-effective services while freeing up their human talent to solve complex legal challenges.

## NEW LAWS

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50 employees to offer mental health resources and support programs as part of their benefits packages. Employers can partner with third-party providers or offer in-house counseling services.

**Paid Family Leave:** Under the new law, employees are entitled to 12 weeks of paid family leave for the birth or adoption of a child, or to care for a seriously ill family member. This provision is fully funded by the employer, though businesses can receive tax credits to offset the cost.

**Affordable Health Care Plans:** The UHWA introduces a state-run marketplace for small businesses to purchase affordable health care plans. This is aimed at reducing health care costs for small-business owners while

ensuring employees have access to quality care.

**Impact on Businesses:** The UHWA will likely increase operating costs for businesses, particularly those that need to enhance their health-care and benefits packages. However, offering comprehensive mental health support and paid family leave can improve employee retention and productivity. Companies that provide better work-life balance and health benefits are also likely to see improved morale and reduced turnover.

### Data Privacy and Cybersecurity Laws

As the digital economy continues to grow, Utah has taken a proactive stance on data privacy and cybersecurity. In 2024, the Legislature passed the Utah Data Protection Act (UDPA), which establishes stricter regulations for businesses that collect, store, or process consumer data.

**Consumer Data Rights:** The UDPA grants consumers the right to access, correct, or delete their personal information held by businesses. Companies must implement processes to comply with these requests within a specified timeframe.

**Data Breach Reporting:** Businesses are required to report data breaches to the state within 72 hours of discovery. Failure to do so can result in significant fines and penalties.

**Cybersecurity Standards:** The law mandates that businesses adopt a minimum level of cybersecurity measures, including encryption and secure data storage protocols.

**Impact on Businesses:** For businesses that handle large amounts of consumer data, compliance with the UDPA will involve additional investments in cybersecurity infrastructure and data management. While this may lead to higher upfront costs, businesses that prioritize data security can

avoid costly data breaches and maintain consumer trust.

The laws passed in Utah in 2024 reflect the state's dynamic approach to balancing economic growth with workforce development, environmental sustainability, health care, and data privacy. These reforms are designed to make Utah more competitive in attracting businesses, while also addressing the evolving needs of the labor market, consumers, and the environment.

For businesses, the new laws present both challenges and opportunities. Companies that adapt to the new regulations, invest in workforce development, and embrace sustainable practices will likely thrive in this evolving landscape. As Utah continues to grow as an economic powerhouse, the legislative decisions made in 2024 will play a pivotal role in shaping the state's future business environment.

## LAWYERS

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sion about how to make the legal profession more appealing to Utah's law graduates. This includes addressing the wage gap, promoting work-life balance, and creating mentorship programs that can help retain younger lawyers.

"For many law students and attorneys, Utah has its own appeal

— mountains [and] outdoor adventure, family ties — that, together with historically lower cost of living, counters higher-paying jobs in other states," Larsen said. "That said, Salt Lake firms have increased their starting salary over the past few years. However, I see that not as a result of a lawyer shortage, but instead due to several national/international firms with higher salaries opening offices in Salt Lake. Previ-

ously, the highest starting salaries in the industry weren't available in the Salt Lake market, but now that they are, Salt Lake firms have increased their pay to stay competitive within their own market."

Public service loan forgiveness programs are also seen as a potential tool to attract attorneys to public defender and district attorney roles, according to the *ABA Journal*.

The lawyer shortage is a multifaceted issue affecting both pri-

vate firms and public-sector offices. While the state's growing population increases the demand for legal services, the limited supply of lawyers creates a significant bottleneck in the justice system. Without sustained efforts to address compensation disparities, improve work conditions and explore new models for delivering legal services, the shortage is likely to persist, with far-reaching consequences for Utah's legal landscape.